

Montreal: A Fertile Ground For VC Exploration

If you thought Montreal was only about hockey and a Grand Prix race, think again. Montreal is fast becoming the hot spot in technological development. Supported by a strong investment community and world-class local venture capitalists, the city of Montreal is hard to ignore. Nor should it be.

Just a short flight from top U.S. trade cities, including New York City, Boston, and Washington, D.C., Montreal is fast becoming a world leader in the development of advanced products in the areas of aerospace, biopharmaceutical, and telecommunications. With exports valued at \$10 billion (US\$ 6.8 billion) and a GDP of \$100 billion (US\$ 68 billion), Montreal is not only an attractive market, it is also taking advantage of the new thinking surrounding next-generation venture capital investing.

Perfectly located in the heart of the St. Lawrence Seaway in the province of Quebec, Montreal is a multilingual, multicultural community offering world-renowned Jazz and film festivals and an unbelievable number of five-star restaurants.

Rated as one of the top high-tech hubs in the world by Wired Magazine (July 2000), and rated fourth in North America for high-tech jobs per capita (PriceWaterHouseCoopers 2001), Montreal offers an abundance of skilled workers. R&D costs are perhaps the lowest in

the world. For example, a C++ programmer with five years experience is paid \$100,000 in the U.S. The same individual can be hired in Montreal for about \$60,000 Canadian, or \$40,000 U.S.

Home to the Canadian seat of the NASDAQ, Montreal holds the reins on 45% of Canadian venture capital. And of the \$12 billion (US\$ 8.1 billion) in available Canadian VC capital, \$6.3 billion is generated from Quebec funds. Leading Quebec-based financial institutions, such as Bombardier Trust, Sofinov of the Caisse de Dépôt, Solidarity Fund FTQ, and Desjardins Pension Fund also support the venture capital community - all resources are pulled together to the benefit of all.

TechnoCap: Next-Generation VC

The Quebec VC community features some of the best and brightest forward-thinking firms. Among them is TechnoCap, a Montreal-based venture capital firm, which has a modern view of the venture capital process for technology start-ups. As such, it is leading the way in investing in emerging high-growth information technology companies.

TechnoCap has no corporate offices in high-rise buildings - all team members work out of home offices. Even its corporate office in Montreal is based out of Richard Prytula's house, TechnoCap's founder and President. "We found that as VCs we have to be out there with the portfolio companies helping them build their business on-site, helping them find investors and strategic partners..." says Mr. Prytula says.

With experienced professionals who understand both the local and global economies, TechnoCap offers outside investment firms the know-how and experience necessary to manage investment opportunities.

Richard Prytula invites U.S. and international venture investors to join him for lunch in Montreal to discover why Montreal? is so right for venture capital investing. Please contact him at RPrytula@TechnoCap.com.

About TechnoCap...

Led by an experienced team of professionals and backed by large and influential investors, TechnoCap is a US-style VC headquartered in Montreal investing in emerging high-growth information technology companies. TechnoCap was founded in 1993 and has over CDN \$250 million of committed capital with over \$100 million already invested in massively parallel, massively scaleable information technologies. TechnoCap's business model has always been to identify new major markets, and then build a portfolio of companies that meet these new market needs.

TechnoCap's investment strategy is very focused. "TechnoCap is in the business of building start-up companies brick-by-brick," says Richard Prytula, founder and President. "Net law asserts that Internet infrastructure doubles every few months. These net-law-based start-ups develop products based on technologies that are and massively parallel and massively scaleable, providing the infrastructure that the Internet requires to support its growth rate."

TechnoCap's team includes seasoned executives offering portfolio companies expertise in financing, board of directors, executive management, recruiting and training (TechnoBrainGain), and co-investor and analyst relations (TechnoWallStreet).

TechnoCap works with more than 20 US-based corporate and VC co-investors, providing a valuable hands-on approach for portfolio companies.

Investors in TechnoCap include Bombardier Trust, Bombardier Trust (UK), Desjardins Pension Fund, the Solidarity Fund, FTQ, Sofinov of the Caisse de Dépôt, the National Bank of Canada, and TechnoAnge Inc (management and employees of TechnoCap and selected technology executives).



TechnoCap

Why Montreal?

1. Low-burn rate – one-third or less of U.S. burn rates.
2. Low valuations
3. Experienced local VCs to do the grunt work and who know how to exit.
4. World-class research talent pool from four major local universities.
5. Helpful government support.
6. Montreal is the gateway to the European and international markets.